

STATE OF CALIFORNIA



STATE BOARD OF EQUALIZATION

1020 N STREET, SACRAMENTO, CALIFORNIA
(P.O. BOX 1799, SACRAMENTO CALIFORNIA 95808)
(916) 445-4982

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KENNETH CORY
Controller, Sacramento

DOUGLAS D. BELL
Executive Secretary

No. 85/88

August 29, 1985

TO COUNTY ASSESSORS, ASSESSMENT APPEALS BOARDS,
AND INTERESTED PARTIES:

ASSESSORS' LETTER NO. 85/12

ALLSTATE INSURANCE COMPANY V. COUNTY OF LOS ANGELES et al.,
AND SECURITY PACIFIC NATIONAL BANK V. COUNTY OF LOS ANGELES et al.

On January 18, 1985, we advised you that certain computer equipment owned by the above parties had been classified by an appellate court as personal property but that the decision had been appealed to the California State Supreme Court (see attached copy of that letter).

It has been brought to our attention that the supreme court's denial to hear the cases which made it law was not known by all concerned. The court denied a hearing on January 23, 1985, and the case became final on February 14, 1985.

If you have any questions on the above, contact David Lucero at (916) 445-4982.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

VW:gr
Enclosure



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January 18, 1985

TO COUNTY ASSESSORS, ASSESSMENT APPEALS BOARDS,
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ALLSTATE INSURANCE COMPANY V. COUNTY OF LOS ANGELES et al.,
AND SECURITY PACIFIC NATIONAL BANK V. COUNTY OF LOS ANGELES et al.

On November 15, 1984 the Court of Appeal for the Second District held that "...standardized off-the-shelf, general purpose computers and computer components, placed in general purpose office buildings, and connected to a power source by means of standardized plugs, and to each other by means of standardized cables, are and remain personalty regardless of whether or not use of a computer is essential to efficient and competitive operation of the business in which they are employed. Minor structural alterations to the realty in which such computers are situated, such as movable partitions or flooring, supplemental air conditioning units, and 220-volt wiring, do not alter the character of such computers from personalty to realty."

The court also stated, "The configuration into which modular components are assembled by a particular user is not determinative of whether a computer system is a fixture or personalty. Rather, the key factors are that the system can be removed from the realty without damage to itself or to the realty and without diminishing the value of the realty, and the objective reality is that ownership of the computer is unrelated to ownership of the land or a leasehold interest in it."

A copy of the appellate court decision is enclosed.

The appellate court decision is under appeal to the California State Supreme Court.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

VW:wpc
Enclosure
AL-06-1419A/W-2